

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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In the Matter of

1998 Biennial Regulatory Review —
Petition for Section 11 Biennial Review
filed by SBC Communications, Inc.,
Southwestern Bell Telephone Company,
Pacific Bell, and Nevada Bell

CC Docket No. 98-177

REPLY COMMENTS
of the
GENERAL SERVICES ADMINISTRATION

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Summary

In these Reply Comments, GSA responds to comments on the Petition by SBC Communications, Inc. ("SBC") to accelerate the 1998 Biennial Review through a proceeding that would culminate in significant reductions in the Commission's surveillance over incumbent local exchange carriers. GSA challenges assertions by carriers that the Commission should eliminate rate of return prescriptions, reduce tariffing requirements, dispense with cost allocation requirements, and weaken regulations concerning computation of cash working capital allowances, affiliate transactions, and wireless services.

To begin, GSA explains that the Commission soundly rejected claims by carriers that rate of return prescription is no longer necessary when it initiated CC Docket No. 98-166 several months ago. Earnings reports show the need for rate of return prescription. Faced with weak competition, the major incumbent LECs have achieved superlative earnings. These returns — realized at the expense of consumers and competitors — clearly demonstrate the need to reject SBC's proposals in this proceeding.

GSA also explains that proposals to eliminate tariff requirements for special access services, trunked transport services, directory assistance, operator services, and other interexchange services are anti-competitive. Contrary to claims by incumbent LECs, interconnecting carriers report that they usually have no alternatives for the services they need. GSA concurs with these carriers that the Commission should not permit detariffing of any local exchange or exchange access services while the incumbent LECs exercise significant market power and can charge unreasonably discriminatory rates.

In addition, as GSA notes, SBC's proposed steps to "simplify" the cost allocation rules will actually impair the Commission's ability to detect cross-subsidies. As GSA explains, it is especially important to maintain a uniform cost allocation system because state regulators depend on the data it produces in order to monitor the intrastate services of incumbent LECs, which are generally even less competitive than interstate offerings.

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GENERAL SERVICES ADMINISTRATION**

The General Services Administration ("GSA") submits these Reply Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") in response to the Commission's Notice of Proposed Rulemaking ("NPRM") released on November 24, 1998. The NPRM invites comments and replies on a request by SBC Communications, Inc. ("SBC") for a comprehensive review of the Commission's rules and regulations to meet the requirements for Biennial Review of all regulatory procedures for interstate telecommunications services.¹

I. INTRODUCTION

The Telecommunications Act of 1996 contemplates that the Commission will review regulations concerning the operations of carriers under its jurisdiction in even-

¹ SBC Petition for Section 11 Biennial Review, May 8, 1998 ("SBC Petition").

numbered years starting in 1998.² Pursuant to this mandate, the Commission began its 1998 review in November 1997, which was in advance of the indicated schedule.³

On February 5, 1998, the Commission released a list of more than 30 proceedings that had been designated to complete the 1998 review, and noted that many of those proceedings were already well underway.⁴ However, in spite of this progress, several carriers objected that the Commission was not moving expeditiously. On May 18, 1998, SBC Communications, Inc., Southwestern Bell Telephone Company, Pacific Bell, and Nevada Bell ("SBC") filed a Petition asking the Commission to accelerate the review process through an additional proceeding. These carriers also recommended that the Commission take more significant steps to reduce its surveillance of interstate telecommunications services.

Although SBC proposed that the Commission address regulations concerning nearly all of its regulatory activities, the NPRM identifies six topics for comments and replies at this time:

- rate of return prescription;
- cash working capital;
- detariffing of services subject to competition;
- the Part 64 Cost Allocation Manual ("CAM");
- affiliate transaction regulations; and
- wireless radio rules.⁵

² Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, amending the Communications Act of 1934, 47 U.S.C. § 151 *et seq.* ("Telecommunications Act").

³ NPRM., para. 2.

⁴ *Id.*, para. 5.

⁵ *Id.*, paras. 6-12.

The NPRM states that the Commission may address the additional subjects discussed in SBC's Petition in other proceedings.⁶

Eight carriers submitted comments in response to the NPRM. In these Reply Comments, GSA responds to the positions advanced by these parties.

II. THE COMMISSION SHOULD REJECT REQUESTS BY CARRIERS TO INITIATE A DUPLICATIVE PROCEEDING.

To introduce its Petition, SBC states that many of the Commission's most important policies and regulations are no longer in the public interest.⁷ For example, according to SBC, regulations concerning rate of return prescription and cash working capital studies are "holdovers" from previous regulatory forms that should now be eliminated.⁸ Also, according to SBC, rules concerning tariff filing and affiliate transactions are no longer necessary because of "effective" competition.⁹ Furthermore, the Commission's rules concerning cost allocation procedures and wireless radio interconnections are "unfair and discriminatory."¹⁰ To eliminate these deficiencies, in SBC's view, the Commission should convene a proceeding to formulate changes in the rules that are employed to implement these regulatory policies.

In comments supporting SBC's Petition, BellSouth contends that the Commission's policies do not meet appropriate de-regulatory objectives. BellSouth claims that the Commission should commit to an "exhaustive review" that

⁶ *Id.*, para. 13.

⁷ SBC Petition, pp. 6-7.

⁸ *Id.*, pp. 8-17.

⁹ *Id.*, pp. 17-26.

¹⁰ *Id.*, pp. 27-37.

encompasses all of the subjects listed in SBC's Petition.¹¹ Moreover, BellSouth specifically supports SBC's proposals to reduce tariffing requirements, to simplify the Part 64 CAM specifications, to modify the procedures for cash working capital studies, and to change the Commission's rules concerning affiliate transactions.¹²

In a filing with the Commission in September 1998, the United States Telephone Association ("USTA") advanced similar claims that an additional comprehensive review was necessary.¹³ To address those claims, the Commission issued a Public Notice requesting comments and replies from parties with interests in telecommunications regulatory issues.¹⁴

GSA submitted Comments and Reply Comments in response to the Public Notice concerning USTA's Petition.¹⁵ As GSA explained in those Comments, the Commission has issued orders with substantive findings concerning many of the rules that USTA designated for changes, and proceedings concerning the additional issues are now underway.¹⁶ In short, USTA's Petition called for a duplication of effort through an additional proceeding. GSA explained that the Commission should not initiate such an additional proceeding to meet USTA's claims.¹⁷

In the instant proceeding, the Commission should reject SBC's Petition for precisely the same reasons. SBC's Petition also calls for duplication of effort at a point when the Commission's resources are focused to conduct proceedings to address the

¹¹ Comments of BellSouth Corporation ("BellSouth"), p. 2.

¹² *Id.*, pp. 2-4.

¹³ In the Matter of the United States Telephone Association Petition for Rulemaking — 1998 Biennial Regulatory Review, ASD 98-97 ("*USTA Proceeding*"), Petition of USTA, September 30, 1998.

¹⁴ *Id.*, Public Notice released October 30, 1998.

¹⁵ *Id.*, Comments of GSA, November 30, 1998; and Reply Comments of GSA, December 15, 1998.

¹⁶ *Id.*, Reply Comments of GSA, December 15, 1998, p. 3.

¹⁷ *Id.*

same matters that the Petition identifies.¹⁸ In fact, the Commission is now conducting proceedings concerning rate of return prescriptions (CC Docket No. 98-166), accounting rules (CC Docket No. 98-81), tariffing requirements (CC Docket No. 98-131), and other issues listed in the NPRM.¹⁹

Comments submitted by other carriers confirm GSA's view that an additional proceeding would be redundant. For example, MCI WorldCom states:

Indeed, SBC's Petition for Section 11 Biennial Review raises few issues that differ from those recently proposed in USTA's Petition for Section 11 Biennial Review. MCI WorldCom believes that these repetitive petitions are being used to divert attention from more pressing regulatory tasks.²⁰

GSA concurs with this assessment.

Even if SBC's deregulatory proposals were justifiable on their own merits — which they are not — it would be counter productive to overlay a separate review process as SBC suggests. In any event, as other carriers also explain, SBC's proposals are premature because consumers and other carriers must depend on the Commission's surveillance over the rates, terms, and conditions for services offered by the incumbent carriers.²¹

¹⁸ *Id.*, Comments of GSA, p. 6.

¹⁹ *Id.*, pp. 6-10.

²⁰ Comments of MCI WorldCom, p. 2.

²¹ See, for example, Comments of Hyperion Telecommunications, Inc., pp. 3-4; and Comments of KMC Telecom, Inc., pp. 2-4.

III. THE COMMISSION SHOULD NOT HEED CLAIMS THAT COMPETITION NOW PERMITS MAJOR CUTS IN ITS SURVEILLANCE OVER INCUMBENT CARRIERS.

A. Contrary to claims by some carriers, rate of return prescription is still necessary to foster competition.

SBC states that carriers are now actively involved in the pursuit of competition promised by the Telecommunications Act.²² Since the stage is set, regulations that are “holdovers from a monopoly local exchange market” must be relaxed or eliminated.²³ According to SBC, these superfluous “holdovers” include the rate of return prescription requirements in the Commission’s rules.²⁴ A number of commentators addressed SBC’s position on prescription.²⁵

In portraying its own standards for the biennial review of interstate telecommunications regulatory policies, USTA advanced similar claims concerning the Commission’s prescription rules.²⁶ USTA stated that these rules have distorted the relationships between prices and costs, resulting in “needless regulatory costs” and well as “efficiency losses” over the past 15 years.²⁷

Only three months ago, the Commission soundly rejected similar claims that rate of return prescription is no longer necessary. Indeed, in initiating CC Docket No. 98-166 last October, the Commission agreed with GSA and other parties that prescription was still needed to ensure that the carriers’ charges for interstate services

²² SBC Petition, p. 8.

²³ *Id.*

²⁴ NPRM, para. 6.

²⁵ See, for example, Comments of MCI WorldCom, p.3; and Comments of AT&T, p. 2.

²⁶ *USTA Proceeding*, Comments of USTA, *passim*.

²⁷ *Id.*, p. 27.

are reasonable.²⁸ The Commission recognized that any changes in competitive levels to this point in time do not eliminate the “overarching duty to maintain just and reasonable rates.”²⁹

In its Comments in response to the Commission’s notice, GSA noted that the need for rate of return regulation is inversely related to the degree of competition.³⁰ Unfortunately, as GSA explained, the level of competition for interstate access services is still very low.³¹ The Commission’s Industry Analysis Division recently reported that incumbent local carriers still account for nearly 97 percent of all local services revenues from consumers.³²

Faced with weak competition, the major incumbent carriers have achieved superlative earnings. According to another report by the Industry Analysis Division, the interstate rates-of-return for the RBOCs ranged from 10.3 percent to 18.2 percent in 1997.³³ Other interstate carriers under price cap regulation also reported extraordinarily high rates-of-return. For example, of the 46 GTE companies, 41 acknowledged rates-of-return greater than 11.25 percent in 1997. Of the 13 Sprint companies, none reported a rate-of-return less than 11.25 percent. In fact, the least profitable Sprint unit reported a rate-of-return of 13.17 percent, nearly two hundred basis points above the threshold. Moreover, of the eight additional price cap carriers

28 In the Matter of Prescribing the Authorized Unitary Rate of Return for Interstate Services of Local Exchange Carriers, CC Docket No 98-166, Notice Initiating a Prescription Proceeding and Notice of Proposed Rulemaking, released October 5, 1998, paras. 5-8.

29 *Id.*, para. 6.

30 *Id.*, Comments of GSA, January 19, 1999, p. 2.

31 *Id.*

32 *Id.*, referencing Industry Analysis Division, *Local Competition*, December 1998, Table 2.1

33 Industry Analysis Division, *Trends in Telephone Service*, July 1998, Table 14.1.

reporting to the Commission,³⁴ only two claimed rates-of-return less than 11.25 percent.

As GSA explained in its Comments addressing recent proposals by USTA to reduce the requirement for prescription, excessive interstate access charges have caused end users to pay too much for interexchange telecommunications services.³⁵ Moreover, high interstate access charges impede open competition by placing unnecessary financial burdens on potential competitors.³⁶

In addition to providing necessary controls on the charges for services to consumers, the Commission's rate of return prescription process is indispensable for additional reasons. For example, as MCI WorldCom explains in its comments, prescription is necessary to ensure that competitors can obtain interconnection services at reasonable costs.³⁷ The competitors need these interconnections to provide services to their own subscribers.

As participants in proceedings before state regulatory agencies to formulate interconnection agreements between new and incumbent carriers, the FEAs can confirm MCI WorldCom's observations. In many cases, the long run incremental cost studies to establish charges for unbundled network elements and interconnection services have employed the Commission's interstate prescription findings as the benchmark for earnings requirements for interconnection and local services. Thus, the Commission's prescription rules play a vital role in allowing competitors to enter local markets and also in facilitating regulation of all activities of the incumbent local

³⁴ Aliant Communications Co., Cincinnati Bell Telephone Co., two Citizens Telecommunications Companies, three Frontier Telephone Companies, and the Southern New England Telephone Co.

³⁵ *USTA Proceeding*, Comments of GSA, November 30, 1998, pp. 18-19.

³⁶ *Id.*

³⁷ Comments of MCI WorldCom, p. 3.

exchange carriers ("LECs").³⁸ By providing these benefits, the Commission's prescriptive process helps to promote more competition and universal service, as mandated by the Telecommunications Act.

B. Comments demonstrate that carriers should not be given additional flexibility to compute cash working capital allowances.

In addition to claims that rate of return prescriptions are outmoded, SBC asserts that the present requirements for lead-lag studies by Class A carriers to determine cash working capital allowances are burdensome.³⁹ Instead, SBC recommends that carriers be allowed to select from among various options, including (1) choose from among two alternative methods for estimating cash working capital that are less costly; (2) freeze their cash working capital estimates at previous levels; and (3) employ a zero cash working capital allowance in the rate base.⁴⁰

In its comments supporting SBC's Petition, BellSouth endorses SBC's claim that the present requirement is overly burdensome, and avers that one or two man-years of effort are required for a working capital study.⁴¹ Accordingly, BellSouth contends that the proposal to permit carriers to select from several alternatives would provide more flexibility and should be adopted.⁴²

In its comments, MCI WorldCom raises several important points concerning cash working capital studies. Initially, MCI WorldCom notes that SBC has inflated the annual costs of estimating cash working capital allowances because studies are

³⁸ *Id.*, pp. 20-21.

³⁹ NPRM, para. 7.

⁴⁰ *Id.*

⁴¹ Comments of BellSouth, p. 3.

⁴² *Id.*

required only every four to five years.⁴³ MCI WorldCom supports SBC's proposal to forgo a study and employ a zero allowance, but objects strongly to the alternative calculation methods if an allowance is claimed. As support for this position, MCI WorldCom explains that the two alternative procedures suggested by SBC — the "45-day method" and the "balance sheet method" — have serious infirmities. MCI WorldCom explains in detail that these procedures produce less reliable estimates of cash requirements and will result in an inflated rate base, causing end users and other carriers to pay too much for services.

The arguments advanced by MCI WorldCom are persuasive. GSA concurs that incumbent carriers should not be permitted to "pick and choose" from among alternative methodologies in order to employ the procedure that will yield the greatest income. The requirement to devote a couple of man-years of effort every few years does not seem unduly burdensome, particularly because it applies only to carriers with revenues above an indexed threshold (at least \$112 million annually in 1997).⁴⁴ In view of the shortcomings of the alternative procedures, GSA urges the Commission to permit carriers to claim no allowance at all, but require them to follow the existing computational procedure if an allowance is shown.

C. Proposals to detariff incumbent carriers' services are anti-competitive.

In its Petition, SBC asserts that the Commission should detariff local exchange services that are now competitive.⁴⁵ Moreover, according to SBC, detariffing should not be confined to a few of the more competitive services, or to services in geographical areas with demonstrable competition. Indeed, SBC proposes total

⁴³ Comments of MCI WorldCom, p. 4.

⁴⁴ FCC Rules, §65.820.

⁴⁵ NPRM, para. 8.

nationwide elimination of tariff requirements for all special access services, direct trunked transport services, directory assistance, operator services, and other (unspecified) interexchange services.⁴⁶

BellSouth was the only carrier to support these proposals in its comments, and this support was confined to SBC's proposals to detariff special access services.⁴⁷ In its comments, BellSouth claims that competitors can provide these services directly to customers through their own facilities and require no interconnections with the incumbent LEC.⁴⁸

As GSA explained in its Comments addressing USTA's proposals, the Commission should not provide nearly blanket detariffing authority to the incumbent carriers.⁴⁹ Also, carriers other than BellSouth explain in their comments in the present proceeding that it is particularly important to maintain tariffing requirements for special access services.

For example, MCI WorldCom states succinctly that "special access is not competitive."⁵⁰ MCI WorldCom explains that the study SBC references to show that the special access market is competitive contains serious flaws.⁵¹ MCI describes several of these infirmities, including the fact that the study fails to consider that customers are often locked into longer-term contracts and are unable to switch service

46 SBC Petition, p. 23.

47 Comments of BellSouth, p. 2.

48 *Id.*

49 USTA Proceeding, Comments of GSA, p. 4; p. 9; and pp. 11-12.

50 Comments of MCI WorldCom, p. 7 (emphasis supplied.)

51 *Id.*

providers without significant financial penalties, even if alternative sources for services are available.⁵²

Logix Communications Corp. ("Logix") also convincingly rebuts SBC's detariffing proposals. Logix characterizes these requests as premature and not supported by adequate evidence of competition.⁵³ Logix notes that the Commission's *Local Competition Report* released in December 1998 shows that competitive carriers accounted for only 14 percent of special access and local private line services provided to other carriers and about six percent of such services to end users.⁵⁴

Even putting the numbers aside, GSA concurs with AT&T's assessment of SBC's detariffing proposals. AT&T states:

There is absolutely no justification for the Commission to permit detariffing of any of the ILECs' local exchange and exchange access services as long as these carriers continue to exercise market power and possess the capacity for charging unjust and unreasonably discriminatory rates.⁵⁵

From the perspective of a carrier needing access, AT&T states that forbearing from enforcing the Commission's existing tariffing rules would diminish rather than enhance competition among providers of communications services.⁵⁶ From a consumer's perspective, GSA is seriously concerned with the prospect of diminished competition. Therefore, GSA urges the Commission to reject SBC's detariffing proposals outright.

⁵² *Id.*, p. 8.

⁵³ Comments of Logix, p. 1.

⁵⁴ *Id.*, pp. 2-3, citing Industry Analysis Division, *Local Competition Report*, December 1998.

⁵⁵ Comments of AT&T, p. 4 (emphasis in original.).

⁵⁶ *Id.*, p. 6.

D. Steps to “simplify” cost allocation procedures will actually impair the Commission’s ability to detect cross-subsidies.

In addition to reductions in tariff filing requirements, SBC provides a long list of recommendations to simplify the cost allocation rules in Part 64 of the Commission’s rules.⁵⁷ Although simplification is often a worthy objective, SBC’s proposals go far beyond this goal. The proposals in SBC’s Petition cut sharply into the Commission’s ability to detect cross-subsidies that may pose a barrier to more competition in local exchange markets.

BellSouth supports SBC’s proposals to reduce the Commission’s cost allocation requirements.⁵⁸ In fact, BellSouth takes SBC’s proposals a significant step further, by proposing elimination of the Class A accounting requirements for the Regional Bell Operating Companies (“RBOCs”) in addition to the smaller local carriers.⁵⁹ According to BellSouth, the Class A account structure is “but one example of burdensome regulation” with procedures developed by “outdated thought.”⁶⁰

GSA urges the Commission to reject recommendations to reduce the requirements set forth in the cost allocation manual (“CAM”) because this action would be anti-competitive. AT&T explains that implementation of SBC’s proposals would deprive the Commission of the ability to detect and deter cross-subsidization of incumbent carriers’ non-regulated services.⁶¹ The continuing near monopoly position of the major incumbent LECs in the local exchange and exchange access markets

⁵⁷ NPRM, para. 8.

⁵⁸ Comments of BellSouth, pp. 2-3.

⁵⁹ *Id.*, p. 3.

⁶⁰ *Id.*

⁶¹ Comments of AT&T, p. 7.

affords these carriers ample opportunities to distort their access charges by cross-subsidizing these offerings.⁶²

Even if a system for regulating the rates and charges for the incumbent LECs' interstate services were no longer required — which is a faulty premise — the Commission's accounting rules are necessary because state regulatory bodies must continue to maintain surveillance over the intrastate activities of the incumbent LECs. Regulation of local exchange services is necessary to ensure universal service through the nation, as contemplated by the Telecommunications Act.

As GSA explained in its Comments on USTA's Petition, Parts 32, 36 and 64 of the Commission's rules apply to all of the carriers' costs — not only the costs reflecting resources used to provide interstate services.⁶³ In fact, the majority of costs are assigned to the intrastate jurisdiction, and thus under the direct purview of state regulatory bodies. While some state commissions employ subsidiary accounting records of various types for use in local ratemaking, all of these commissions depend upon the Commission's maintenance of appropriate accounting, cost allocation and jurisdictional separations rules. Theoretically, state regulators could continue control over intrastate services through direct reporting, without depending on a uniform accounting system administered by the Commission. However, such a procedure would require 50 potentially distinct accounting systems and 50 potentially diverse sets of accounting rules.

A central system that serves as a consistent standard is especially important because local exchange and most other intrastate services are less competitive than interstate services. The presence of less competition is particularly significant for local

⁶² *Id.*

⁶³ *USTA Proceeding*, Comments of GSA, pp. 20-21.

services provided to smaller business users, residence users, and all users outside of major metropolitan areas. State regulators must continue to maintain control over the rates, terms and conditions for these services. This surveillance is most efficiently conducted by using the accounting systems and data that SBC proposes to eliminate. GSA urges the Commission to reject SBC's proposals to weaken the Commission's vital role in providing a centralized accounting base for all telecommunications services.

E. Carriers have not justified changes in the Commission's affiliate transaction rules.

SBC also suggests that the Commission should simplify its affiliate transaction rules.⁶⁴ At the minimum, according to SBC, the Commission should abolish two groups of affiliate transaction rules: (1) rules pertaining to incumbent carriers' performance for their affiliates of activities identified as non-regulated in the CAM; and (2) rules requiring recognition of the fair market value of services performed between incumbent carriers and their affiliates.⁶⁵

Bell South concurs with SBC in proposing changes in the affiliate transaction rules. Indeed, BellSouth states that it submitted similar recommendations in the *Accounting Simplification* proceeding, and reiterates its previous proposals in the instant case.⁶⁶

GSA again urges the Commission to continue the present regulations. In the *Accounting Safeguards Order*, the Commission ruled that its accounting safeguards, consisting of cost allocation and affiliate transaction rules, were "designed to keep

⁶⁴ NPRM, para. 11.

⁶⁵ SBC Petition, pp. 36-37.

⁶⁶ Comments of BellSouth, p. 4, citing In the Matter of 1998 Biennial Regulatory Review — Review of Accounting and Cost Allocation Requirements, CC Docket No. 98-81 ("Accounting Simplification"), Comments of Bell South.

incumbent local exchange carriers from imposing the costs and risks of their competitive ventures on interstate ratepayers, and to ensure that interstate ratepayers share in the economies of scope realized by incumbent local exchange carriers when they expand into additional enterprises.”⁶⁷

Comments by carriers demonstrate that conditions have not changed significantly since the Commission reiterated the need for affiliate transaction rules in 1996. For example, the Telecommunications Resellers Association (“TRA”) explains:

While it has been roughly two years since the Commission so declared, little has changed with respect to the status of local competition during that period. . . . As discussed earlier, incumbent local exchange carriers retain market shares in the high ninetieth percentile today. In short, the importance of the Commission’s affiliate transaction rules, as well as all of the agency’s other accounting and non-accounting safeguards, has not diminished in the least.⁶⁸

GSA concurs with TRA’s recommendation to continue the affiliate transaction rules without change.

F. No changes in the wireless radio rules are necessary at this time.

The final set of proposals designated by the NPRM for comments in this proceeding are SBC’s recommendations for consolidation of the rules relating to the provision of wireless services.⁶⁹ No party supported SBC’s proposals to modify the wireless rules. AT&T, the only party to address this set of proposals at all, recommended that the Commission reject them.⁷⁰ As AT&T explained, the

⁶⁷ In the Matter of the Implementation of the Telecommunications Act of 1996: Accounting Safeguards, Report and Order, 11 FCC Rcd 17539, § 25 (1996), (“*Accounting Safeguards Order*”), reconsideration pending.

⁶⁸ Comments of TRA, pp. 8–9.

⁶⁹ NPRM, para. 12.

⁷⁰ Comments of AT&T, p. 9.

Commission is considering many proposals to streamline these rules in other proceedings.⁷¹

GSA concurs with AT&T's recommendations to leave issues concerning potential changes in wireless rules to other proceedings. As GSA explained previously in these Reply Comments, preference should be given to the use of the pre-existing structure for regulatory review.

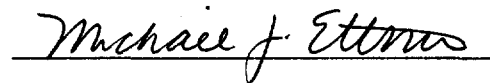
⁷¹ *Id.*, pp. 9-10.

IV. CONCLUSION

As a major user of telecommunications services, GSA urges the Commission to implement the recommendations set forth in these Reply Comments.

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January 25, 1999

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I, MICHAEL J. ETTNER, do hereby certify that copies of the foregoing "Comments of the General Services Administration" were served this 25th day of January, 1999, by hand delivery or postage paid to the following parties.

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